Central Intelligence Agency

Washington, D.C. 20505

30 June 1986

The Honorable Ike Skelton
House of Representatives
Washington, D.C. 20515

Dear Mr. Skelton:

The 7 July 1986 issue of Newsweek magazine contains an article "Rekindling the Magic" on the passage by the House of Representatives of the President's aid package to the Nicaraguan democratic resistance. The article reports that "the agency is preparing to provide the rebel forces with covert logistical support, training, communications and intelligence worth the equivalent of $400 million." The Newsweek article is not accurate. As you know, Section 9 of the amendment which you co-sponsored authorized $100 million of assistance for the resistance. There is no intention to seek or to spend additional sums for the Nicaraguan resistance beyond that which is provided for in current legislation.

Sincerely,

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David D. Gries
Director of Congressional Affairs

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NEWSWEEK
7 July 1986

Rekindling the Magic

Reagan wins a congressional victory to aid the contras

The cause was a matter of deep conviction, his own credibility was on the line—and Ronald Reagan, defying the widespread belief that he must sooner or later succumb to lame-duckery, pulled out all the stops. In a lobbying blitz targeted on 50 wavering congressmen, the president worked his septuagenarian magic to build a decisive victory on what may be the single most controversial foreign-policy issue of his administration: by 12 votes, the House of Representatives approved U.S. military aid to the contra rebels for the first time. "His optimism and his commitment are simply contagious," a senior White House staffer marveled. "Not a bad week's work for an old lame duck," another aide chortled. "Maybe one of these days he'll fall apart, but I wouldn't start laying any bets just yet."

The real significance of the event was almost lost in the euphoria—for the House vote almost surely means more fighting in the Nicaraguan outback and a long-term, wholly public U.S. commitment to oust the Marxist government in Managua. "A virtual declaration of war" was the way Sandinista leader Daniel Ortega put it. Reagan's men, convinced the tide is now running their way in Central America, seemed not to care. Though they readily conceded that the $100 million in U.S. aid approved by the House is not enough to defeat the well-equipped Sandinista army, they predicted that the vote will have far-reaching impact. For one thing, it will once again unleash the CIA, which has been barred from military involvement with the contras since 1984: NEWSWEEK learned the agency is preparing to provide the rebel forces with covert logistical support, training, communications and intelligence worth the equivalent of $400 million. More broadly, administration officials argued that last week's demonstration of congressional support will trigger dissent within Nicaragua and rally other nations in the region to back the contras. "The most profound effects of the vote will be political, not military," one senior U.S. official said. "A lot of people have been sitting on the fence waiting to see which way the wind is blowing. Now that they know, they'll jump."

No one expected the Sandinistas to sue for peace. News of the House's action prompted Ortega to new heights of rhetorical defiance—he called Reagan "a new Hitler"—and set off an intensified crackdown against critics of the regime. The first target: La Prensa, the respected Managua newspaper that opposed the Somoza dictatorship before the revolution and, more recently, has criticized Sandinista repression as well. Within hours of the House vote, the government ordered La Prensa to shut down indefinitely—a decision that the paper's editors called "a black chapter" in Nicaraguan history. The government also warned the remnants of Nicaragua's moderate opposition, including the Roman Catholic church, to toe the line. "Some political groups and religious leaders have become instruments of the terrorist policy of the U.S. government," Ortega declared. "Let them go to Reagan. And if they are courageous enough, may they go to the mountains and to the contra camps. Here the people will await them in that terrain."

Ortega got new ammunition for his war of words when the World Court upheld the Sandinistas' claim that the United States is violating Nicaraguan sovereignty by supporting the contra insurgency. Ortega called it a "political and moral victory" and said it made the United States "an outlaw government." The Reagan administration, which rejected the court's jurisdiction in 1985, shrugged off the decision. State Department spokesman Charles Redman said the World Court "is simply not equipped to deal with a case of this nature, involving complex facts and intelligence information." Nicaragua, he said, "is engaged in a substantial, unprovoked and unlawful use of force against its neighbors."

More weapons: The immediate question was how the U.S. aid would be spent. Administration sources said the contras need more weapons of all types, but particularly portable surface-to-air missiles to attack the Sandinistas' Soviet-made Mi-24 Hind helicopter gunships. Under the terms of the House bill, $30 million of the $100 million aid package will be spent on "humanitarian" assistance, including tents, clothing and medical supplies for the contra camps in Honduras. The remaining $70 million will buy assault rifles, machine guns, mortars, missiles and improved air transport to contra supply points. U.S. sources said the CIA has recruited more Spanish-speaking agents and rebuilt its intelligence network in Central America; it will also funnel money and supplies to the contras from supporters all over the world. Although they conceded the U.S. escalation is likely to lead to expanded Soviet and Cuban military aid to the Sandinistas, administration sources predicted the Soviets will not send fighter jets or other high-tech weapons into Nicaragua. "Gorbachev won't set himself up for a fall by increasing the Soviet profile," one official said.

The contras themselves are an even bigger gamble—and administration sources said the House vote had substantially raised the stakes for the rebel army. Congressional critics have repeatedly charged that the contra leadership is corrupt and that U.S. aid has been misspent or stolen; Nicaraguan exiles complain that the contras' political objectives are vaguely defined and that moderates have been excluded from the movement's leadership. "We've got to tighten up, there's no question about that," one State Department official said last week; other sources argued that it will now be easier for U.S. officials to monitor the contras' finances.

Most of all, administration officials said, the contra army must now achieve at least some measure of success in the field—a few "spectacular" guerrilla raids to attract world attention and shake the Sandinista government's resolve. "As they develop more effective logistics, the freedom fighters will be able to operate deeper inside Nicaragua and closer to the population centers," said one source. "That in turn will have a political impact." Another U.S. official took a more skeptical view. "Now the administration has to figure out some way to get these guys off their butts and doing something," he said. "You might say [the House] has given Reagan and the contras $100 million to hang themselves with." The bottom line on Reagan's legislative victory, in short, is the clear commitment of U.S. power and prestige to the contra cause—and no one, including the president himself, can be sure where that commitment will lead.

TOM MORGANTHAU *with* JOHN WALCOTT *and* RICH THOMAS *in Washington,* THOMAS M. DEFRANK *in Santa Barbara,* SCOTT WALLACE *in Managua and bureau reports*